

GAO

Report to the Chairman, Subcommittee
on National Security, Committee on
Appropriations, House of
Representatives

February 1997

DOD AVIATOR
POSITIONS

Training Requirements
and Incentive Pay
Could Be Reduced



Statement A
Report on the report of the
Department of Defense

19970303 146



United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-275138

February 19, 1997

The Honorable C. W. Bill Young
Chairman, Subcommittee on National Security
Committee on Appropriations
House of Representatives

Dear Mr. Chairman:

The services designate certain positions as nonflying positions to be filled by aviators. According to service officials, the duties of the nonflying positions require skills that only aviators possess. Additionally, the positions provide career diversification opportunities for aviators. Incumbents in nonflying positions receive the same compensation benefits as aviators in flying positions.

Our review of nonflying positions focused on (1) the number of aviators (pilots and navigators) that are assigned to nonflying positions in the Army, the Navy, the Marine Corps, and the Air Force; (2) the amount of aviation career incentive pay (ACIP) and aviation continuation pay (ACP) paid to aviators in nonflying positions; (3) whether the services implement ACIP and ACP uniformly; and (4) whether the nonflying positions affect the number of aviators the services plan to train to meet future requirements. We performed this review under our basic legislative authority and are addressing this report to you because of your continuing interest in military personnel matters. The scope and methodology of our review are described in appendix I.

Background

ACIP, commonly referred to as flight pay, is intended as additional pay to attract and retain officers in a military aviation career. The amount of ACIP varies from \$125 a month for an aviator with 2 years or less of aviation service to \$650 a month for 6 years to 18 years of service. After 18 years, the amount gradually decreases from \$585 a month to \$250 a month through year 25. After 25 years, aviators do not receive ACIP unless they are in operational flying positions.

ACP, which has existed for all services since 1989, is considered a bonus and is intended to entice aviators to remain in the service during the prime of their flying career. An ACP bonus can be given to aviators below the grade O-6 with at least 6 years of aviation service and who have completed any active duty service commitment incurred for undergraduate aviator

training. However, it cannot be paid beyond 14 years of commissioned service. The services believe that it is during the 9-year to 14-year period of service that aviators are most sought after by the private sector airlines. Therefore, to protect their aviation training investment,¹ all services, except the Army, which is currently not using the ACP program, offer ACP contracts to experienced aviators.

Results in Brief

For fiscal year 1996, the Army, the Navy, the Marine Corps, and the Air Force designated 11,336 positions, or about 25 percent of all aviator positions, as nonflying positions to be filled by aviators. Since fiscal year 1994, the number of nonflying positions has decreased and this decrease is expected to continue through 2001 when the number of such positions is estimated to be 10,553.

For fiscal years 1994 through April 30, 1996, the Army, the Navy, the Marine Corps, and the Air Force paid \$739.7 million in ACIP, of which \$179.1 million was paid to aviators in nonflying positions. Additionally, the Navy, the Marine Corps, and the Air Force paid \$169.4 million in ACP, of which \$31.9 million was paid to aviators in nonflying positions. The Army does not pay ACP.

ACIP is payable to all aviators who meet certain flying requirements and all the services implement it in a consistent fashion. With ACP, however, the services have a great deal of latitude in deciding who receives it, the length of time it is paid, and the amount that is paid. For example, the Navy and the Marine Corps restrict ACP to eligible pilots and/or navigators of specific aircraft types that have critical aviator shortages. In contrast, the Air Force offers ACP to all eligible pilots in fixed-wing and/or rotary-wing aircraft if there is a projected pilot shortage in any one of those respective aircraft.

In determining their aviator training requirements, the services consider both flying and nonflying positions. Including nonflying positions increases the total aviator requirements and results in the services projecting aviator shortages in the upcoming fiscal years. However, our analysis showed that there are more than enough aviators available to satisfy all flying position requirements. Therefore, to the extent that the number of nonflying positions filled by aviators can be reduced, the number of aviators that need to be trained also could be reduced, saving training costs of about \$5 million for each Navy, Marine Corps, and Air

¹According to Air Force and Navy officials, it costs about \$5 million to train a pilot up to an experienced pilot level—between 3 and 5 years—and about \$2 million to train a navigator up to an experienced navigator level. In contrast, the Army spends about \$366,000 to train its helicopter pilots.

Force pilot candidate and about \$2 million for each navigator candidate. The savings to the Army would be about \$366,000 for each pilot training requirement eliminated.

Number of Nonflying Positions

In fiscal year 1996, the Army, the Navy, the Marine Corps, and the Air Force designated 11,336 positions as nonflying positions to be filled by aviators. These nonflying positions represent about 25 percent of all authorized aviator positions. As shown in table 1, the total number of nonflying positions has decreased since fiscal year 1994 and is expected to continue to decrease slightly up through fiscal year 2001.

Table 1: Number of Flying and Nonflying Positions for Fiscal Years 1994-2001

Fiscal year	Army aviator positions		Navy aviator positions		Marine Corps aviator positions		Air Force aviator positions		Total aviator positions	
	Flying	Nonflying	Flying	Nonflying	Flying	Nonflying	Flying	Nonflying	Flying	Nonflying
1994	^a	^a	9,143	4,548	2,933	1,645	15,529	5,067	27,605	11,260
1995	^a	^a	8,690	4,269	2,933	1,622	15,199	5,017	26,822	10,908
1996	7,886	582	8,606	4,209	2,910	1,645	14,716	4,900	34,118	11,336
1997	7,963	473	8,245	4,004	2,910	1,645	14,442	4,702	33,560	10,824
1998	8,108	555	8,297	4,036	2,887	1,664	14,168	4,533	33,460	10,788
1999	8,108	555	8,297	4,036	2,887	1,664	14,122	4,386	33,414	10,641
2000	8,108	555	8,297	4,036	2,887	1,664	14,126	4,380	33,418	10,635
2001	8,108	555	8,305	4,039	2,887	1,664	14,281	4,377	33,581	10,635

^aThe Army was not able to provide requirements data for fiscal years 1994 and 1995.

Service officials told us that they have been able to reduce the number of nonflying positions primarily through force structure reductions and reorganization of major commands. The services, however, have not developed criteria for determining whether there are nonflying positions that could be filled by nonaviators. The officials said that a justification is prepared for each nonflying position explaining why an aviator is needed for the position. These justifications are then approved by higher supervisory levels. The officials believe that this process demonstrates that the position must be filled by an aviator. In our view, the preparation of a written justification for filling a particular position with an aviator does not, in and by itself, demonstrate that the duties of a position could not be performed by a nonaviator. Because the services' position descriptions for nonflying positions do not show the specific duties of the positions, we could not determine whether all or some part of the duties of

the nonflying positions can only be performed by aviators. Consequently, we could not determine whether the number of nonflying positions could be further reduced.

In commenting on a draft of this report, an Air Force official said that the Air Force Chief of Staff has directed that all nonflying positions be reviewed and a determination made by July 1997 as to which positions can be filled by nonaviators.

ACIP and ACP Paid to Aviators in Flying and Nonflying Positions

All aviators receive ACIP, regardless of whether they are in flying or nonflying positions, if they meet the following criteria.

- Eight years of operational flying during the first 12 years of aviation service entitles the aviator to receive ACIP for 18 years.
- Ten years of operational flying during the first 18 years of aviation service entitles the aviator to receive ACIP for 22 years.
- Twelve years of operational flying during the first 18 years of aviation service entitles the aviator to receive ACIP for 25 years.

ACP criteria are more flexible than ACIP in deciding who receives it, the amount paid, and the length of the contract period. According to service officials, ACP is an added form of compensation that is needed to retain aviators during the prime of their flying career when the aviators are most attractive to private sector airlines. To protect their training investment, all the services believe it is necessary to offer ACP contracts. The Army does not offer ACP contracts because, according to Army officials, it has not had a pilot retention problem.

For fiscal years 1994 through April 30, 1996, the Army, the Navy, the Marine Corps, and the Air Force made ACIP and ACP payments to their aviators totaling \$909.1 million. Of this total amount, \$211 million, or about 23 percent, was paid to aviators in nonflying positions by the Air Force, the Navy, and the Marine Corps. The following table shows ACIP and ACP payments by each service for each of the fiscal years.

Table 2: ACIP and ACP Payments by Service and Fiscal Year

Dollars in millions

Service	Fiscal year	ACIP				ACP			
		All aviators		Aviators in nonflying positions		All aviators		Aviators in nonflying positions	
		Number	Amount	Number	Amount	Number	Amount	Number	Amount
Army ^a	1994	13,186	\$40.5						
	1995	15,061	57.5						
	1996 ^b	14,587	36.9	582	\$0.4				
Navy	1994	15,634	78.6	4,498	25.4	1,770	\$11.2	378	\$2.2
	1995	16,007	79.2	3,837	23.3	1,500	9.7	318	1.8
	1996 ^b	14,924	45.8	3,778	13.4	715	5.6	112	0.6
Marine Corps	1994	4,665	19.3	814	4.8	145	0.9	20	0.1
	1995	5,045	22.4	877	5.5	245	1.4	47	0.3
	1996 ^b	4,910	13.2	861	3.2	206	1.2	36	0.2
Air Force	1994	22,165	129.9	6,330	41.8	4,922	60.6	1,067	11.1
	1995	20,964	128.4	5,477	37.9	4,730	46.2	1,176	11.0
	1996 ^b	20,480	88.0	5,044	23.8	3,037	32.6	694	4.6
Total			\$739.7		\$179.5		\$169.4		\$31.9

^aThe Army was not able to provide the number of aviators in nonflying positions or the amount of ACIP paid in fiscal years 1994-95.

^bAs of April 30, 1996.

Services Implement ACP Differently

The services view ACP as a retention incentive for their experienced aviators. However, the way the services implement this incentive varies widely in terms of who receives ACP, the length of time over which it is paid, and how much is paid. To illustrate,

- The Army does not offer ACP to its aviators because it has not had a pilot retention problem that warrants the use of the ACP program.
- The Navy offers long-term ACP contracts of up to 5 years and a maximum of \$12,000 a year to eligible pilots in aircraft types with a critical pilot shortage.
- The Marine Corps offered short-term ACP contracts of 1 or 2 years at \$6,000 a year through fiscal year 1996. Beginning in fiscal year 1997, the Marine Corps plans to offer long-term ACP contracts of up to 5 years at \$12,000 a

year to its eligible pilots and navigators in aircraft types that have critical personnel shortages.²

- The Air Force offers long-term ACP contracts of up to 5 years at a maximum of \$12,000 a year to all eligible pilots if there is a pilot shortage for any fixed- or rotary-wing aircraft.

Table 3 shows the number and dollar amount of ACP contracts awarded by the services for fiscal years 1994 through 1996.

Table 3: Number and Value of ACP Contracts by Service, Fiscal Years 1994-96

Dollars in millions						
Fiscal year	Navy		Marine Corps		Air Force	
	Number	Amount	Number	Amount	Number	Amount
1994	158	\$4.7	147	\$1.7	593	\$46.2
1995	78	2.6	224	1.3	334	20.4
1996	87	2.9	317	3.7	683	39.7
Total	323	\$10.2	688	\$6.7	1,610	\$106.3

As shown above, the Air Force greatly exceeds the other services in the number of ACP contracts awarded as well as the value of the contracts. This is because the Air Force does not restrict ACP contracts just to pilots of particular aircraft that are experiencing critical pilot shortages. Instead, if there is an overall shortage in fixed-wing or rotary-wing pilots, all eligible pilots in those respective aircraft are offered ACP. According to Air Force officials, the reason for offering ACP contracts to all fixed-wing and/or rotary-wing pilots rather than specific aircraft is because they want to treat all their pilots equally and not differentiate between pilots based on the type of aircraft they fly. In their opinion, if they were to only offer ACP to pilots of certain aircraft types, morale could be adversely affected.

The point in an aviator's career at which ACP is offered generally coincides with completion of the aviator's initial service obligation—generally around 9 years. By this time, the aviator has completed pilot or navigator training and is considered to be an experienced aviator, and according to service officials, is most sought after by private sector airlines. For this reason, the services believe that awarding an ACP contract is necessary to protect their training investment and retain their qualified aviators. For example, the Air Force estimates that by paying ACP to its pilots, it could retain an additional 662 experienced pilots between fiscal years 1995 and 2001.

²The Marine Corps defines critical shortage as a situation where the requirements exceed the inventory by at least 5 percent and the situation is not expected to improve within 3 years.

The issue of whether ACP is an effective or necessary retention tool has been brought into question. For example, an April 1996 *Aviation Week and Space Technology* article³ pointed out that in the previous 7 months, 32 percent of the 6,000 new pilots hired by private sector airlines were military trained pilots. This is in contrast with historical airline hiring patterns where 75 percent of the airline pilots were military pilots. The concern about military pilots being hired away by the airlines was also downplayed in a June 1995 Congressional Budget Office (CBO) report.⁴ The report stated that employment in the civilian airlines sector is far from certain. Airline mergers, strikes, or failures have made the commercial environment less stable than the military. Consequently, military aviators may be reluctant to leave the military for the less stable employment conditions of the airline industry. CBO concluded that short-term civilian sector demands for military pilots may not seriously affect the services' ability to retain an adequate number of pilots.

Effect of Nonflying Positions on Aviator Training Requirements

The services include nonflying positions in their aviator requirements for determining future aviator training needs. Therefore, aviator training requirements reflect the number of aviators needed to fill both flying and nonflying positions. As shown in table 4, of all the services, the Air Force plans the largest increase in the number of aviators it will train between fiscal years 1997 and 2001—a 60-percent increase. The reason for the large training increase in Air Force aviators is because it believes that the number of aviators trained in prior years was insufficient to meet future demands.

Table 4: Number of Pilots and Navigators to Be Trained, Fiscal Years 1997 to 2001

Fiscal year	Army		Navy		Marine Corps		Air Force	
	Pilots	Navigators	Pilots	Navigators	Pilots	Navigators	Pilots	Navigators
1997	436	^a	569	355	307	30	654	300
1998	576	^a	633	329	322	36	900	300
1999	570	^a	645	320	322	36	1,025	300
2000	570	^a	645	320	322	36	1,025	300
2001	570	^a	645	320	322	36	1,050	300
Total	2,722	^a	3,137	1,644	1,595	174	4,654	1,500

^aThe Army does not have navigator positions.

³Proctor, Paul, "Airlines Increase Hiring From Civil Ranks," *Aviation Week and Space Technology*, April 8, 1996.

⁴Congressional Budget Office memorandum, *Pilot Retention Bonuses in the Air Force*, June 1995.

Because nonflying positions are included in the total aviator requirements, the Navy and the Marine Corps project aviator shortages for fiscal years 1997-2001 and the Air Force projects aviator shortages for fiscal years 1998-2001. As shown in table 5, there are more than enough pilots and navigators available to meet all flying position requirements. Therefore, to the extent that the number of the nonflying positions filled by aviators could be reduced, the number of aviators that need to be trained, as shown in table 4, could also be reduced. This, in turn, would enable the Navy, the Marine Corps, and the Air Force to reduce their aviator training costs by as much as \$5 million for each pilot and \$2 million for each navigator that the services would not have to train. The savings to the Army would be less because its aviator training costs are about \$366,000 for each pilot.

Table 5: Flying Requirements Versus Available Pilots and Navigators, Fiscal Years 1997-2001

Fiscal year	Service	Pilot			Navigator		
		Inventory	Flying requirement	Percent filled	Inventory	Flying requirement	Percent filled
1997	Air Force	14,492	11,162	129.8	5,473	3,280	166.9
	Navy	7,768	5,766	134.7	4,257	2,479	171.7
	Marine Corps	3,229	2,641	122.3	338	269	125.7
	Army	10,382	8,998	115.4	^a	^a	^a
1998	Air Force	13,785	11,040	124.9	5,230	3,128	167.2
	Navy	7,821	5,780	135.3	4,318	2,517	171.6
	Marine Corps	3,250	2,618	124.1	350	269	130.1
	Army	10,017	9,162	109.3	^a	^a	^a
1999	Air Force	13,270	11,051	120.1	5,015	3,071	163.3
	Navy	7,822	5,780	135.3	4,352	2,517	172.9
	Marine Corps	3,257	2,618	124.4	368	269	136.8
	Army	9,817	9,162	107.2	^a	^a	^a
2000	Air Force	13,085	11,051	118.4	4,864	3,075	158.2
	Navy	7,864	5,780	136.1	4,364	2,517	173.4
	Marine Corps	3,250	2,618	124.1	385	269	143.1
	Army	9,679	9,162	105.6	^a	^a	^a
2001	Air Force	13,074	11,168	117.1	4,715	3,113	151.5
	Navy	7,912	5,788	136.7	4,376	2,517	173.9
	Marine Corps	3,240	2,618	123.8	400	269	148.7
	Army	9,583	9,162	104.6	^a	^a	^a

^aThe Army does not have navigators.

Recommendations

We recommend that the Secretary of Defense direct the Secretaries of the Army, the Navy, and the Air Force to develop criteria and review the duties of each nonflying position to identify those that could be filled by nonaviators. This could allow the services to reduce total aviator training requirements.

In view of the recent articles and studies that raise questions about the need to incentivize aviators to remain in the service, the abundance of aviators as compared to requirements for flying positions, and the value of ACP as a retention tool, we recommend that the Secretary of Defense direct the service secretaries to reevaluate the need for ACP. If, the reevaluation points out the need to continue ACP, we recommend that the Secretary of Defense determine whether the services should apply a consistent definition in deciding what groups of aviators can receive ACP.

Agency Comments and Our Response

In commenting on a draft of this report, Department of Defense (DOD) officials said that it partially agreed with the report and the recommendations. However, DOD also said that the report raises a number of concerns. DOD said that it did not agree that only flying positions should be considered in determining total aviator requirements. In its opinion, operational readiness dictates the need for aviator expertise in nonflying positions, and nonflying positions do not appreciably increase aviator training requirements.

The report does not say or imply that only flying positions should be considered in determining total aviator requirements. The purpose of comparing the inventory of aviators to flying positions was to illustrate that there are sufficient pilots and navigators to meet all current and projected flying requirements through fiscal year 2001. We agree with DOD that those nonflying positions that require aviator expertise should be filled with aviators. The point, however, is that the services have not determined that all the nonflying positions require aviator expertise. Furthermore, to the extent that nonflying positions could be filled by nonaviators, the aviator training requirements could be reduced accordingly.

DOD also said that the report, in its opinion, does not acknowledge the effectiveness of the processes used for determining aviator training requirements or the use of ACP in improving pilot retention.

The issue is not whether ACP has improved retention—obviously it has—but whether ACP is needed in view of the data showing that the civilian airline sector is becoming less dependent on the need for military trained pilots and that military pilots are becoming less likely to leave the service to join the civilian sector.

DOD further commented that the articles cited in the report as pointing to a decrease in civilian sector demand for military trained pilots contain information that contradicts this conclusion. DOD believes that the fact that the airlines are currently hiring a smaller percentage of military trained pilots is an indication of a decrease in pilot inventory and the effectiveness of ACP as a retention incentive.

The articles cited in our report—Aviation Weekly and Space Technology and the June 1995 CBO report—do not contain information that contradicts a decreasing dependence on military trained pilots. The Aviation Weekly and Space Technology article points out that about 70 percent of the recent pilot hires by the civilian airlines have been pilots with exclusively civilian flying backgrounds. This contrasts to previous hiring practices where about 75 percent were military trained pilots. The CBO report also discusses expected long-term hiring practices in the civilian airline sector. The report points out that while the number of new hires is expected to double (from 1,700 annually to 3,500 annually) between 1997 and 2000, the Air Force's efforts to retain its pilots may not be affected because the industry's new pilots could be drawn from an existing pool of Federal Aviation Agency qualified aviators.

Furthermore, the issue is not whether the pilot inventory is decreasing and whether ACP is an effective retention tool. The point of the CBO report was that because of private sector airline mergers, strikes, or failures, the commercial environment is less stable than the military. As a result, there is a ready supply of pilots in the civilian sector and the short-term demands for military pilots may be such that the Air Force's quest to retain an adequate number of pilots is not seriously affected.

In commenting on why the Air Force's method of offering ACP contracts differs from the Navy's and the Marine Corps' methods, DOD stated that while morale and equity are vital to any retention effort, it is not the primary determinant in developing ACP eligibility.

We agree and the report is not meant to imply that morale and equity is the primary determinant for developing ACP eligibility. The report states that

the reason cited by Air Force officials for not restricting ACP contracts to just those pilots in aircraft that have personnel shortages, as do the Navy and the Marine Corps, is because of the morale and equity issue. Another reason cited by Air Force officials was the interchangeability of its pilots. However, the Navy and the Marine Corps also have pilot interchangeability. Therefore, interchangeability is not a unique feature of the Air Force.

DOD agreed with the recommendation that the services review the criteria and duties of nonflying aviator positions. However, DOD did not agree that the nonflying positions should be filled with nonaviators or that doing so would appreciably reduce aviator training requirements.

DOD also agreed with the recommendation that the services need to continually review and reevaluate the need for ACP, including whether there should be a consistent definition in deciding what groups of aviators can receive ACP. In DOD's opinion, however, this review and affirmation of the continued need for ACP is already being done as part of the services' response to a congressional legislative report requirement.

We agree that the services report annually on why they believe ACP is an effective retention tool. However, the reports do not address the essence of our recommendation that the need for ACP—a protection against losing trained pilots to the private sector—should be reevaluated in view of recent studies and reports that show that private sector airlines are becoming less dependent on military trained pilots as a primary source of new hires. The annual reports to Congress also do not address the issue of why the Air Force, unlike the Navy and the Marine Corps, does not restrict ACP to those aviators in aircraft that have aviator personnel shortages. A complete text of DOD's comments is in appendix II.

We are sending copies of this report to the Secretaries of Defense, the Army, the Navy, and the Air Force; the Director, Office of Management and Budget; and the Chairmen and the Ranking Minority Members, House Committee on Government Reform and Oversight, Senate Committee on Governmental Affairs, House and Senate Committees on Appropriations, House Committee on National Security, Senate Committee on Armed Services, and House and Senate Committees on the Budget.

Please contact me on (202) 512-5140 if you have any questions concerning this report. Major contributors to this report are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink, reading "Mark E. Gebicke". The signature is written in a cursive style with a large, stylized "G" and "E".

Mark E. Gebicke
Director, Military Operations
and Capabilities Issues

Scope and Methodology

To accomplish our objectives, we reviewed legislation, studies, regulations, and held discussions with service officials responsible for managing aviator requirements. Additionally, we obtained data from each of the services' manpower databases to determine their flying and nonflying position requirements. Using this information, we developed trend analyses comparing the total number of aviator positions to the nonflying positions for fiscal years 1994-2001. The Army was not able to provide requirements data for fiscal years 1994 and 1995.

To determine the benefits paid to aviators serving in nonflying positions, we obtained an automated listing of social security numbers for all aviators and, except for the Army, the services identified the aviators serving in nonflying positions. The data were submitted to the appropriate Defense Financial Accounting System offices for the Army, the Air Force, and the Marine Corps to identify the amounts of aviation career incentive pay (ACIP) and aviation continuation pay (ACP) paid to each aviator. The Navy's financial data was provided by Defense Manpower Data Center.

To assess whether the services implement ACIP and ACP uniformly, we obtained copies of legislation addressing how ACIP and ACP should be implemented and held discussions with service officials to obtain and compare the methodology each service used to implement ACIP and ACP.

To determine how the services compute aviator requirements and the impact their flying and nonflying requirements have on training requirements, we held discussions with service officials to identify the methodology used to compute their aviator and training requirements. We also obtained flying and nonflying position requirements, available inventory, and training requirements from the services' manpower databases. We then compared the flying and nonflying requirements to the respective services' available aviator inventory to identify the extent that the available inventory of aviators could satisfy aviator requirements.

We performed our work at the following locations.

- Defense Personnel and Readiness Military Personnel Policy Office, Washington, D.C.;
- Defense Financial Accounting System, Kansas City, Missouri; Denver, Colorado; and Indianapolis, Indiana;
- Defense Manpower Data Center, Seaside, California;
- Air Force Directorate of Operations Training Division, Washington, D.C.;
- Air Force Personnel Center, Randolph Air Force Base, Texas;

- Air Force Directorate of Personnel Military Compensation and Legislation Division and Rated Management Division, Washington, D.C.;
- Air Combat Command, Langley Air Force Base, Virginia;
- Bureau of Naval Personnel, Office of Aviation Community Management, Washington, D.C.;
- Navy Total Force Programming, Manpower and Information Resource Management Division, Washington, D.C.;
- Navy Manpower Analysis Team, Commander in Chief U.S. Atlantic Fleet, Norfolk, Virginia;
- Marine Corps Combat Development Command, Force Structure Division, Quantico, Virginia;
- Marine Corps Deputy Chief of Staff for Manpower and Reserve Affairs Department, Washington, D.C.;
- Army Office of the Deputy Chief of Staff for Plans Force Integration and Analysis, Alexandria, Virginia;
- Army Office of the Deputy Chief of Staff for Personnel, Washington, D.C.; and
- Congressional Budget Office, Washington, D.C.

We performed our review from March 1996 to December 1996 in accordance with generally accepted government auditing standards.

Comments From the Department of Defense



PERSONNEL AND
READINESS

UNDER SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000



JAN 30 1997

Mr. Mark E. Gebicke
Director, Military Operations and Capabilities Issues
National Security and International Affairs Division
U.S. General Accounting Office
Washington, DC 20548

Dear Mr. Gebicke:

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "DOD AVIATOR POSITIONS: Training Requirements and Incentive Pay Could Be Reduced," dated December 20, 1996 (GAO Code 703139/OSD Case 1274). The DoD partially concurs with the report.

Although the Department partially concurs with the draft report, there are a number of areas viewed with concern:

- We do not agree with the basic premise used by the GAO in this report, that only flying positions should be considered in determining total aviator requirements. Operational readiness dictates the need for aviation expertise in non-flying billets. Placing experienced aviators in these positions is essential to our warfighting capability. Further, the consideration of non-flying billets does not appreciably increase aviation training requirements.
- The Services and OSD are unanimous in noting that the draft report does not acknowledge the effectiveness of the processes currently utilized in determining aviator training requirements. The report also does not accurately relate the processes, reviews, and safeguards employed by the Services in determining the use of Aviation Continuation Pay (ACP) in improving pilot retention.
- In several sections of the draft report, the GAO points to an expected decrease in the dependence of the airlines on military pilots. However, the same reports cited by the GAO contain passages that contradict the conclusion that the demand for military-trained pilots is decreasing. We believe that the airlines hiring a smaller percentage of military-trained pilots does not reflect the absence of demand, but is a better indication of the decrease in inventory of pilots in the military and the effectiveness of ACP as a retention incentive.
- The GAO report states that equity and morale are primary determinants in the ACP eligibility in the Air Force. While these factors are important, the current Air Force methodology is based on the concept of retaining sufficient aviators in total to satisfy overall rated requirements and key leadership positions. Since fixed-wing and rotary-wing pilots can be used interchangeably in a variety of different positions, the positive



Appendix II
Comments From the Department of Defense

influence of ACP on the retention of any one pilot in these aviation specialties is integral to the Air Force's readiness equation. Consequently, the Air Force applies an ACP methodology which best meets this objective.

The Department appreciates the opportunity to comment on the draft report. Technical comments were provided directly to the GAO staff for their consideration. My point of contact on this matter is CDR Dave Skocik. He can be reached at 614-5133/614-1243 (fax), or electronically at skocikd@pr.osd.mil.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Edwin Dorn', with a large, stylized loop at the end.

Edwin Dorn

Attachment:
As stated

GAO DRAFT REPORT, DATED DECEMBER 20, 1996
(GAO CODE 703139/OSD CASE 1274)

"DOD AVIATOR POSITIONS:
TRAINING REQUIREMENTS AND INCENTIVE PAY COULD BE REDUCED

DEPARTMENT OF DEFENSE COMMENTS TO
THE GAO RECOMMENDATIONS

RECOMMENDATION 1: The GAO recommended that the Secretary of Defense direct the Secretaries of the Army, Navy, and Air Force to develop criteria and review the duties of each non-flying position to identify those which could be filled by non-aviators. This could allow the services to reduce total aviator training requirements. (p. 13/GAO Draft Report)

DOD RESPONSE TO THE DRAFT REPORT: Partially Concur. The Department of Defense agrees with the recommendation that the Services review the criteria and duties of non-flying aviation positions. This is already being done continually by each of the Services during the annual PPBS process. However, we do not concur that filling these positions with non-aviators will appreciably reduce total aviation training requirements. The number of aviators in the inventory cannot match the number of positions required. Aviators must be assigned to valid non-flying billets for a number of reasons, to include officer force development (i.e. Goldwater-Nichols, Defense Acquisition Workforce Improvement Act), as well as operational, warfighting readiness.

RECOMMENDATION 2: The GAO recommended that the Secretary of Defense direct the Service Secretaries to reevaluate the need for aviation continuation pay (ACP). If the reevaluation points out the need to continue ACP, the GAO recommends that the Secretary of Defense determine whether the services should apply a consistent definition in deciding what groups of aviators can receive aviation continuation pay (ACP). (p. 13/GAO Draft Report)

DOD RESPONSE TO THE DRAFT REPORT: Partially Concur. The Department agrees that the Services need to continually review and reevaluate the need for ACP, including whether or not they should apply a consistent definition in deciding what groups of aviators can receive aviation continuation pay (ACP). However, any additional review is not necessary. ACP is currently reviewed twice each year by the Assistant Secretary of Defense (Force Management Policy). One of these reviews is submitted to the Congress in response to a legislative requirement (Section 301b, Title 37, U.S. Code). The Services submit detailed analyses and program proposals demonstrating their requirement for and application of ACP programs. In addition to the legislatively required reports, the Services sponsored independent studies of the efficacy of offering ACP in each of the three previous years. Each of the independent studies concluded that ACP is a viable retention tool that warrants continuation, if not enhancement. To require additional reviews of this issue would be redundant.

Now on p. 11.

Now on p. 11.

Major Contributors to This Report

National Security and
International Affairs
Division, Washington,
D.C.

Sharon A. Cekala
Robert J. Lane

Office of General
Counsel, Washington,
D.C.

Richard Seldin

Norfolk Field Office

Norman L. Jessup, Jr.
Patricia F. Blowe
Patricia W. Lentini